



# Australia: Fashion Accessories

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## Summary

The Australian fashion accessories market is experiencing considerable growth, particularly at the high-end especially in the demand for bags, belts and jewelry. This growth is driven by a strong retail sector where consumers are sophisticated and conscious of international fashion trends and are willing to pay top dollar for high quality products.

Opportunities exist in the market for unusual and creative yet stylishly designed products. The market is valued at US\$586 million, with U.S. imports increasing by 50 percent over the past year. The activity in this sector is further reflected in David Jones department store's recent development of a cosmetics hall, with emphasis on 250 high-end fashion accessory brands.

## Market Demand

The demand in Australia for bags, belts and jewelry is becoming just as important as apparel, with the fashion accessories market increasing in size and demand in the past few years relative to other sectors. Much of the demand is being driven by the 18-45 year old age group.

Consumers are becoming increasingly conscious of the entire outfit from dress to belt to bag, with accessories becoming a vital part of the outfit. Consumers are realizing that accessories can be an inexpensive way of creating a new look to what may be an old outfit. However, the Australian consumer is quite sophisticated in being influenced by aesthetic and quality factors more than price.

Brand recognition also plays a vital part in the selection process. Brands such as Orotan and Louis Vuitton are among the favorites with high-end consumers, who will pay more for such brands.

Brands associated with celebrities, particularly those linked to the trendy younger demographic are a good prospect. Example, the U.K. Havetohold range of handbags, popular with celebrities such as Victoria Beckham and Cheryl Tweedy, is expected to be successful in Australia.

Many Australian stores are now tapping into the accessories market to include such lines in their product range. Boutiques now realize that they must stock accessories in order to be able to compete. Many of these retailers are now targeting products such as bags and belts to increase their selling range. Clothing stores have to increase their accessories product range in order to satisfy their customer's needs. This trend is also apparent in the lines offered by gift and shoe stores.

The upward trend in fashion accessorization is evident in the case of department store David Jones in Melbourne now placing fashion accessories in the cosmetics hall. Opened in late 2006, the hall showcases a mix of cosmetics and fashion accessories brands. Featuring up to 250 brands, the department store collection includes handbags from Chloe, Mulberry, and Escada, a wide range of jewelry and small leather goods.

The demand in the higher end of the jewelry market is driven by feminine designs. For instance, the Danish "Pandora" charm bracelet concept reflects the current trends in the Australian jewelry market. Mid to lower end jewelry mimics more expensive jewelry designs. Antique influenced beads and charms are popular, as are quirky shaped charms such as butterflies and owls, along with lock, heart and key shapes. Often many charms are gathered together on single or multiple metal chains.

Accessories are sold through many different types of stores, from high-end retailers such as Sirricco, to mid-low retailers like Strandbags, as well as through boutique stores, brand retail outlets, mass market stores including K-Mart, and department stores David Jones and Myer. Australian retail chain accessories stores Equip and Kleins stock Chinese products and are aimed at the lower-mid price range consumer.

## Market Data

### MARKET SIZE FOR FASHION ACCESSORIES US\$ million

	2006	2007	2008(estimated)
Total Market Size	495	586	662
Total Local Production	231	277	310
Total Exports	18	25	27
Total Imports	282	334	379
Imports from the U.S.	12	17	21

#### Exchange rate

2006	0.75
2007	0.85
2008	0.92

Expected inflation rate: 3.8%

(Australian Bureau of Statistics)

The Australian fashion accessories market is estimated at US\$662 million, with imports representing 57 percent of the market. The United States has a 5 percent share of the import market, up nearly 50 percent between 2006 and 2007. This industry is forecast to grow by 5 percent annually over the next three years.

Chinese manufacturers have developed and are maintaining 56% of the import market. In 2007, China supplied US\$188 million of Australia's import market of US\$334 million. China will continue to maintain a considerable share of the import market, since these suppliers produce cheaper fashion accessories for the lower-to-middle range of the market.

High-end European fashion accessories from Italy and France account for US\$67million of Australia's total imports of US\$334 million. Italy is Australia's second largest supplier of fashion accessories, followed by France. In 2006 these two countries supplied 20 percent of the imports in this sector.

The U.S. has progressively increased fashion accessories imports into Australia, gaining nearly two percent import market share over the past year. The major U.S. suppliers of fashion accessories into the Australian market include Fossil (handbags), Anne Klein (handbags) and Tiffany (jewelry).

## Best Prospects

Australian consumers are sophisticated and aware of international fashion trends. They are willing to pay extra for quality, style, innovation and uniqueness. Unusual designs that are stylish yet different are extremely popular.

Various textiles are contributing to healthy growth in the bag and purse sub-sector. Textiles that are handmade, creative and have an earthiness about them are extremely high in demand. The bag phenomenon is seeing women buying bags to match outfits instead of just having the one traditional black bag.

## Key Suppliers

The Australian market has a number of competitors in the fashion accessories sector across all price points.

Consumers will pay top dollar for well-known international brands that have a good reputation for quality and for products that tend to hold their worth as collectors items, such as the French handbag range by Chloe. Retail department store giant David Jones carries accessories, particularly handbags and wallets of European origin, which target the high-end consumer. French brands Louis Vuitton and Chloe, and Italian brands Prada, Giorgio Armani, Ferragamo and Gucci, are among the most popular choices in the high-end market. Products made from Italian leather are held in high regard and consumers expect to receive high quality products for higher prices.

The United Kingdom is also targeting the Australian accessories market, with product lines from Burberry and Vivienne Westwood being imported and retailed in high-end department stores and boutiques throughout Australia. The U.K. franchise Accessorize was established in Australia in 2003. The company now has thirteen stores retailing their mid-priced costume jewelry, handbags and other accessories across Australia.

Imports from the United States account for five percent of import market share. High-end brands such as Tiffany, Ralph Lauren and DKNY, and mid-range brands Fossil and Nine West, are among some of the most popular accessories brands in the Australian market. These brands are sold through department stores, boutique stores and also through the companies' retail outlets.

Local companies are well established within the industry and are up-to-date with the latest international trends. Annapelle, Jag and Cellini are popular high-end Australian brands that are sold through department stores and high-end distributors.

The well-known Australian brand, Milleni, has a large share of the mid-price market, and supplies over 3,500 retail outlets with their products. Milleni has recently signed an agreement to represent the Paris Hilton line of handbags and purses, which have been created in conjunction with Italian designer Paolo Coletto. These will retail from US\$71 to US\$262 and aim at the younger demographic. Other popular Australian mid-price brands include Urban Original, Condura, MIMco, Nika & Mink, and Fiorelli. Fiorelli produces the popular Orotan bag and Fiorelli accessories range.

Diva, a local fashion accessories brand, has 140 stores across Australia. The Diva stores stock a range of imitation jewelry including earrings, bracelets and necklaces. Designs mimic more expensive jewelry lines and include antique influenced beads and charms, quirky shapes such as butterflies and owls, along with lock, heart and key shapes.

Chinese manufacturers are a major influence in the fashion accessories market due to the low price and wide variety of products. Prices begin anywhere from US\$11.00 to US\$41.00. Local ladies apparel brands such as Sportsgirl, Sussan and Bardot source accessories from China. The accessories in these stores include handbags, belts, wallets and costume jewelry. These ranges complement the brands' clothing lines and help consumers achieve an overall look in the one store.

## Prospective Buyers

The Australian fashion accessories market includes the following categories:

- The baby boomer market (45-65 years).

- The female professionals market (26-45 years);
- Young women (18-25 years);
- The 'tween' and teenage market (12-18 years).

The baby boomer demographic holds a majority of purchasing power and is heavily influenced by brand names, believing that well known brand names provide the best quality products. Women in this demographic will pay top dollar for their accessories, focusing on brand names and quality rather than fashion trends. They will buy accessories to complement their overall look and are particularly fastidious in choosing accessories when it comes to special occasions and public social events such as weddings and the City of Melbourne Spring Racing Carnival (horse racing). Accessories are also a popular choice of gifts for baby boomers. They will tend to buy accessories that are long lasting and timeless for their friends and family, such as expensive jewelry or good quality handbags and wallets.

Female professionals, the 26-45 years age group, also buy accessories to complement their overall look with the aim of improving their professional appearance due to the increased competition in the workforce and the importance placed on image. Women in this demographic have usually completed university or entered the workforce directly and are working their way up the corporate ladder. These women have a higher disposable income than younger demographics and will pay a higher price for good quality products, such as designer handbags, for both practicality and status.

Fashion magazines and peer pressure heavily influence the tween and teenage market. Fashion magazines, such as Dolly (aimed at Tweens) and Cosmopolitan (older teens), highlight fashion trends typically emulating the styles of celebrities such as Mischa Barton, Paris Hilton and Sienna Miller. This market wants to look glamorous, fashionable and stand out while fitting in with the accepted norm. Having the lowest income of all demographics in this market the price point is particularly important, and this demographic will settle for cheap imitations of good quality products rather than buying the expensive originals. This demographic also often shop with no intention to buy anything and then purchase items on a whim, with the in-store appeal of the product influencing them to buy.

Young women, aged 18-25 years, are also influenced by trends highlighted in fashion magazines such as Elle and Marie Claire. Like the teenage demographic, this consumer group often buys products on a whim, usually making last minute decisions from the price point. This demographic tends to buy accessories to match their outfits and create an overall look to project their own personal style while still incorporating the styles of celebrities, designer collections and season trends. 'Ethical Chic' is a rising phenomenon in this age group. Consumers from this demographic are more likely to buy something that is ethically made, turning away from once popular brands made in many Asian countries that have been accused of child slavery and exploitation through numerous campaigns, mostly online. Therefore, products made by indigenous groups from ethical retailers such as Oxfam or Ishka, are particularly popular with University students in this group.

## Market Entry

Fashion accessories are distributed by using the services of fashion agents to handle sales or by selling directly to department stores, specialist stores, mass market retailers and smaller retailers. Fashion agents manage their ranges by showing samples to retailers, obtaining orders and delivering them to the company they represent. Fashion agents generally do not import and take ownership of stock themselves, preferring to operate by "indent selling", taking orders from retailers on behalf of the companies they represent.

Consumers directly purchase fashion accessories from retailers. Retail stores fall into three main categories:

mass market merchandisers (e.g. Target, Big W)  
department stores (e.g. Myer, David Jones)  
specialist stores (e.g. Kleins and small boutiques)

Australia is well serviced by a range of financial services offered by local and international banks. Financing practices are comparable to those in the U.S. The terms of payment are negotiable, with import financing effected through open account, commercial bills of exchange (sight and time drafts), letters of credit, and cash in advance. Usually payment terms of 30-60 days are considered the norm among the fashion accessories industry, with letter of credit and sight drafts the most common methods.

### Market Issues & Obstacles

Australia and the United States enacted a Free Trade Agreement (FTA) on January 1, 2005. As a result, duties on more than 99 percent of tariff lines covering industrial and consumer goods have been eliminated. Prior to January 2005, the maximum general tariff on handbags and jewelry was 5 percent. Under the FTA, these products are now duty free. Prior to January 2005, the maximum general tariff on scarves was zero (0%), and will continue to be zero under the implementation of the FTA.

When fashion accessories are shipped to Australia, the goods will be subject to GST (Goods and Services Tax), which is a 10 percent broad-based tax on the sale or provision of most goods and services. While the responsibility to pay GST to the Australian Taxation Office lies with the producer/supplier, it is the consumer who finally bears the GST cost. The importer pays the GST to the Australian Customs Service.

### Trade Events

Leather, Bags and Accessories Fair

Date: August 12 –14, 2008

Location: Melbourne Exhibition and Convention Centre

Website: [www.australianshoefair.com](http://www.australianshoefair.com)

Regional trade event, co-located with the six-monthly Australian Shoe Fair

### Resources & Contacts

Australasian Textiles and Fashion

Website: [www.apparel2bcentral.com](http://www.apparel2bcentral.com)

Purpose: Australian textile and clothing business magazine

Council of Textile and Fashion Industries of Australia

Website: [www.tfia.com](http://www.tfia.com)

Purpose: Key national association representing the textile and clothing industries

### For More Information

The U.S. Commercial Service in MELBOURNE/AUSTRALIA can be contacted via e-mail at:

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